DIRECT INVESTIGATION

REPORT ON PREVENTION OF ABUSE OF SPECIAL GRANTS UNDER THE CSSA SCHEME

December 2008

Office of The Ombudsman

Hong Kong

CONTENTS

Executive Summary

Chapter		Paragraph
1	*INTRODUCTION*	
	BACKGROUND	1.1 - 1.5
	PURPOSE AND AMBIT	1.6
	INVESTIGATION PROCESS	1.7 - 1.8
	REPORT	1.9
2	*THE CSSA SCHEME*	
	THE SCHEME	2.1 - 2.5
	STANDARD RATES	2.6
	SPECIAL GRANTS	2.7 - 2.16
	SUPPLEMENTS	2.17
3	*MECHANISM FOR PREVENTING ABUSE*	
	SELF REPORTING	3.1
	SWD VETTING	3.2 - 3.3
	SPECIAL INVESTIGATION SECTION	3.4 - 3.8
	SAFEGUARD FOR SPECIAL GRANTS	3.9 - 3.16
4	*OBSERVATIONS AND COMMENTS*	
	THE SCHEME	4.1 - 4.5
	CASES OF MEETING GENUINE NEED	4.6 - 4.10
	CASES OF INEFFECTIVE REVIEWS	4.11 - 4.21
	CASE OF APPROVING APPLICATIONS WITHOUT DUE CARE OR REASON	4.22 - 4.39
	CASE OF REJECTING UNREASONABLE CLAIM	4.40 - 4.41
	CASES OF EASY GIVING-AWAY	4.42 - 4.49
	CONCLUDING COMMENTS	4.50 - 4.53

5 RECOMMENDATIONS *5.1 - 5.3*

ANNEXES

I *The current standard rates for different categories of CSSA recipients*

II *The current rates of standard special grants payable to able-bodied adults/children*

III *The current rates of standard special grants payable to elderly, disabled persons and persons medically certified to be in ill-health*

EXECUTIVE SUMMARY

Direct Investigation Report
Prevention of Abuse of Special Grants
under the CSSA Scheme

The CSSA Scheme

Our community is always sympathetic towards those in genuine hardship. The Comprehensive Social Security Assistance ("CSSA") Scheme, administered by the Social Welfare Department ("SWD"), provides a safety net for them.

2. CSSA recipients must be Hong Kong residents satisfying both a means test and a requirement of continuous residence in Hong Kong. The Scheme comprises various standard rates for different categories of recipients, special grants and supplements.

Standard Rates

3. The standard rates, applicable generally to all recipients, cover the basic needs of nourishment, clothing and transport. The amount payable depends on the family size as well as the age and physical condition of the recipient and his or her family members.

Special Grants

4. Grants at the standard rates apart, CSSA recipients may apply for special grants to meet their specific needs: standard special grants and discretionary special grants.

Standard Special Grants

5. Standard special grants cover the following five categories of expenses:

(a) housing and related grants for rent, water/sewage charge, etc;

(b) family grants for burial, travel to and from hospital/clinic, early education for children, etc;

(c) medical and rehabilitation grants for special diet, dental treatment, eye-glasses, care and attention, rehabilitation equipment (e.g. wheelchair) and hygienic items (e.g. diapers), etc;

(d) child-care grants for baby-sitting, maintenance payment for board and lodging of children, etc; and

(e) school grants for school fees, school-related expenses, school travelling expenses, etc.

6. Standard special grants can be recurrent or one-off, and are paid subject to proof. Some are subject to prescribed limits, e.g. rent allowance (recurrent) and burial (one-off), while others have no ceiling, e.g. diapers (recurrent) and eye-glasses (one-off).

7. For some "common" items with no prescribed ceiling, SWD has worked out an average, e.g. the average grant for eye-glasses was $530 in 2006. Over the past four years (2004/05 to 2007/08), grants for eye-glasses amounted to some $18.8 million.

Discretionary special grants

8. Discretionary special grants are intended to enable recipients to avoid such exceptional hardship as homelessness, family breakdown and lives at risk. Examples of these grants are for replacement and repair of essential household effects and loss of cash.

Supplements

9. To recognise the special hardship of the elderly, sick or disabled, such recipients will receive a supplement. Single parents are also entitled to a supplement.

The Investigation

10. Complaints handled by this Office indicate SWD's haphazard processing of applications for special grants. As use of CSSA funds on ineligible individuals unfairly drains resources meant for those in genuine hardship, The Ombudsman decided to initiate a direct investigation into SWD's system for preventing abuse of special grants.

Mechanism for Preventing Abuse

11. CSSA applicants are required to attest to the accuracy of their information regarding income, assets and family status. They have to report any subsequent changes and confirm their understanding of the legal consequences of obtaining welfare by deception. SWD conducts home visits, verifies applicants' information and regularly reviews recipients' eligibility. Its Special Investigation Section is responsible for investigating cases of suspected fraud.

12. Special grants are subject to additional safeguard against abuse. Approval of standard special grants and discretionary special grants involves two-tier and three-tier processes respectively. A frontline Investigating Officer, at the level of Social Security Assistant or Senior Social Security Assistant[1], verifies the need for special grants. The Authorising Officer, a Social Security Officer II[2], approves applications for standard special grants up to certain cash limits, e.g. up to $1,000 for grants to cover eye-glasses. For discretionary special grants, depending on the nature of the application, a Social Security Officer I[3] to Directorate D1 or D2 officer will approve.

---

[1] *At the rank of MPS 7-17 ($13,120 to $22,985) and MPS 18-23 ($24,120 to $30,615) respectively.*
[2] *At the rank of MPS 10-27 ($15,785 to $36,740).*
[3] *At the rank of MPS 28-33 ($38,470 to $48,400).*

13. SWD has guidelines for processing standard special grants and broad principles for discretionary special grants, reminding officers to exercise care and keep the grants to a minimum. It considers absolute consistency in approving these grants impossible. Nevertheless, dossiers on approved cases are on its computer for staff reference to make for **some** consistency. Moreover, the computer system has built-in validation to guard against wrongful input.

Observations and Comments

14. To evaluate SWD's measures to guard against abuse of special grants, we have examined statistical data and case files. Some sample cases are outlined below.

Cases 1 and 2: Cases of meeting genuine need

15. In Case 1, a couple with nine dependent children have been receiving standard rates and standard special grants, totalling over $1.116 million between 2004/05 and 2007/08, i.e. averaging $279,000 per year.

16. The recipient in Case 2, bed-ridden and living alone, was issued a one-off grant of $5,280 and a recurrent grant of $3,780 a month for employing a foreign domestic helper.

17. **Observations.** Without the special grants, the children in Case 1 and the recipient in Case 2 would be in extreme hardship. These two cases show how CSSA, including special grants, can function well as a safety net for the less fortunate members of our community. They also illustrate that resources for taking care of the needy and the vulnerable are effectively used.

Cases 3, 4 and 5: Cases of ineffective reviews

18. The recipient in Case 3 has been on CSSA since January 2003. His case has been reviewed every six months. From August 2003 to December 2005, he withheld information about his rent arrears and provided forged rental receipts, securing by deception grants totalling over $35,000. A special survey in 2005 of selected cases revealed the fraud.

19. The recipient in Case 4 had obtained grants totalling some $11,000, with forged rental agreement and receipts. Then after two years during an SWD review, he inadvertently submitted the real documents and the fraud came to light.

20. Case 5 involved two CSSA recipients, A and B, sharing a room at $2,000 rent a month. Since 2001, they had each been applying for a standard special grant of $1,450 a month with fake receipts for rent and deposit. Three reviews by SWD failed to discover the fraud. During a review of B's case, SWD made a telephone check but was fooled by A impersonating the landlord. Finally during a review in 2005, SWD staff telephoned the wife of the real landlord and discovered the fraud. A and B had each secured over $20,000 by deception[4].

21. **Observations.** Rent allowance constitutes 72% of the expenditure on standard special grants. Cases 3, 4 and 5 show that SWD's regular reviews of recipients' eligibility are of little use

---

[4] *The recipients had each received $1,450 per month from 1 March 2001 to 31 May 2003 and $1,265 per month (the prescribed ceiling) from 1 June 2003 to 31 October 2007.*

where recipients set out to deceive. SWD should perhaps rely more on external checking. A home visit and direct discussion with the landlord would have exposed the deception more readily.

Case 6: Case of ineffective reviews

22. The recipient's disabled mother had to use adult diapers. Between 2001 and 2005, the recipient submitted to SWD 47 receipts, of which only the first two were authentic. During a review in 2005, on verifying with the dispensary concerned, SWD discovered the fraud which involved overpayment of some $86,000.

23. **Observations.** Despite 17 reviews since the first grant in April 2001, the deception went unnoticed. In the event, it only took a single telephone call to the dispensary to discover the fraud. Most reviews were clearly paper exercises not worth the time and manpower spent.

Case 7: Case of approving applications without due care or reason

Eye-glasses

24. The recipient had been on CSSA since 2003. In May 2004, he wanted a Gucci designer frame for his short-sightedness (right eye 3.25 degrees and left eye 3.50 degrees). With a quotation of $1,500, he applied for a standard special grant and was granted $1,000, the maximum amount which SWD frontline officers could approve. In the next two years, he applied for the same grant four times, on grounds of progression by 0.25 degree and damage of glasses by accident or in a fight.

25. In January 2007, with a quotation of $1,951, he applied for a grant the sixth time to replace his glasses also for progression by 0.25 degree. According to the quotation, the frame (again by Gucci) alone cost $1,501 after discount and the lenses $450. SWD telephoned the supplier to verify the quotation and then granted him $1,000. The recipient complained to this Office against SWD for having verified the quotation.

26. We considered SWD's verification a responsible act. However, we questioned approval of the grant, which is meant to cater for basic albeit "special" needs, rather than luxury items or replacements on such flimsy grounds as a change of only 0.25 degree.

27. Subsequently, the recipient forfeited the $100 deposit that he had paid to obtain the quotation and bought a pair of contact lenses for $530 from another supplier instead (4.25 degrees for both eyes). He was required to repay SWD the balance of $370.

28. In May 2007, the recipient wanted to replace his glasses again as he claimed that the contact lenses were uncomfortable and the shortsightedness of his right eye had reduced by 0.25 degree. SWD granted him yet another $1,000.

Dental Treatment

29. Between May 2004 and June 2007, the same recipient also made five applications for standard special grant for dental treatment. He presented SWD with quotations after check-up: $1,650, $2,330, $870, $1,550 and $1,050. On each occasion, he was granted cash in advance, except for the last time in June 2007 when SWD paid the clinic direct.

30. In fact, he did not receive any treatment until June 2007. While approving the five applications, SWD staff never queried why the recipient had not gone to the clinic for treatment. Subsequently, he agreed to repay the overpayment by deduction from his CSSA by instalments.

Rent Allowance

31. Meanwhile, the recipient was receiving a rent allowance of $765 a month for public housing. However, he defaulted on rent payment of $7,650 from June 2006 to March 2007 and was issued a Notice to Quit. After negotiation, the Housing Department allowed him to pay the rent arrears by instalments. He asked SWD to pay for him and deduct the amount by instalments from his future CSSA. SWD refused.

32. **Observations.** Case 7 was a blatant case of abuse. SWD had in effect been offering the recipient ready cash and interest-free loan, as well as the standard rate and special grants:

Item	**Ready cash/interest-free loan received**
Eye-glasses	$7,000
Dental treatment	$6,400
Rent allowance	$7,650
Total	**$21,050**

Eye-glasses

33. The recipient obtained his first pair of glasses in May 2004. Six months later, he sought a new pair because of progression by only 0.25 degree. Reasonable questions would have been:

- Does progression by 0.25 degree require replacement[5]?
- Why does it cost over $1,000, given the average of $530 for a pair of glasses?
- Why can the existing frame, only six months old, not be used again?
- Should CSSA recipients be provided with costly designer frames at public expense and at rather frequent intervals?

34. SWD initially explained to this Office that it had not questioned the unusually high prices because certain eye ailments called for special lenses. Later, SWD advised that the recipient was not suffering from any such condition. This suggests that SWD had not processed his applications with due care or reason.

Dental Treatment

35. With only quotations for dental treatment but no evidence of payment, the recipient had obtained cash advance from SWD time and again. In the absence of any receipt to certify treatment actually received, SWD should have raised queries.

---

[5] *According to the Hong Kong Society of Professional Optometrists, in general, a change of 0.25 degree does not necessitate replacement of eye-glasses.*

Rent Allowance

36. Direct payment would ensure timely rent payment and prevent the recipient accumulating arrears or further obtaining cash advance from SWD. Since 1 June 2007, SWD has applied direct payment to rent for public housing. However, unless direct payment becomes the norm, the risk of misuse remains with other special grant items.

Case 8: Case of rejecting unreasonable claim

37. The recipient in Case 8 wanted food, as his money had allegedly been stolen. As he still had $1,800 in his bank account, SWD declined his request. He then withdrew the amount from the bank and disposed of it. He applied to SWD again for a discretionary special grant but still failed.

38. **Observations.** Claims relating to loss of cash require no receipt. Case 8 shows that some approving officers sensibly refused an unreasonable claim. The efforts are commendable.

Cases 9 and 10: Cases of easy giving away

39. In Case 9, the recipient (able-bodied, aged 29) and his wife (able-bodied, aged 26) had two small children. They had been on CSSA since May 1998. In 2004, SWD approved a discretionary special grant of $5,355 to cover rent and the children's school fees and school bus fares after the recipient claimed to have been robbed of $7,600.

40. The recipient in Case 10 claimed to have lost money three times: $1,900, $1,300 and $2,000 respectively. On the first occasion, SWD granted him a travelling allowance to receive free meals from a voluntary agency for six days and another $1,703 for meals for the rest of the month. On the second, SWD gave him dry rations for nine days and $1,300 to cover the rest of the month. On the third occasion, he declined free meals or dry rations and SWD gave him $2,000. He was referred to a medical social worker for appointing an agent to receive his CSSA on his behalf and he refused.

41. **Observations.** Although the recipient in Case 9 might suffer hardship if the alleged loss were not made good, SWD staff should have asked why he was carrying so much cash and also offered him help in kind instead. He should be advised that, like anyone else, he is responsible for the safe custody of his money.

42. For case 10, in addition to providing food, SWD granted cash to the recipient and readily gave in to his refusal to receive assistance in kind. Such easy indulgence could well encourage carelessness and similar applications.

Concluding Comments

43. The community needs, indeed expects, assurance that the CSSA Scheme takes care of the needy and the vulnerable only and has adequate safeguard against abuse. In approving special grants and conducting checks, SWD staff must, therefore, always exercise due care, diligence and sound judgment as well as flexibility and sympathy.

44. We find SWD procedures for handling applications for special grants, its criteria for approving these applications and mechanism for preventing abuse generally in order. It is mainly the mindset of some SWD staff responsible for processing applications for special grants that suggests the need for review. Some of the cases outlined above reflect an abandonment of common sense and lack of practical judgment among some in SWD.

45. In this connection, we note that relatively junior staff are sometimes required to shoulder the responsibility for approving complicated or dubious cases. This is not appropriate or commensurate with their rank or experience.

46. In passing, we wish to point out that as in Case 9, there are able-bodied individuals on CSSA for over ten years. It is questionable whether they would ever leave the safety net. It is high time that our community actively explore the possibility of limiting the period of assistance to such recipients.

Recommendations

47. The Ombudsman recommends that SWD take the following measures for more effective administration of the special grants under the CSSA Scheme:

General

(1) to continue to impress upon CSSA applicants their obligation for full and truthful disclosure of their particulars as well as any changes thereto and the consequences of failure to do so;

Standard Special Grants

<u>Rent Allowance and Other Recurrent Allowances</u>

(2) to consider more involvement of senior officers (Social Security Officer I or above) in vetting dubious or complicated cases;

(3) to require staff to verify supporting documents carefully by home visits and, where possible, clarification with landlords, chief tenants or suppliers of goods as appropriate;

<u>Eye-glasses</u>

(4) to set a ceiling on the quantity of new eye-glasses normally allowed within a given period of time, except for cases of special need as certified by eye doctors;

(5) to set a ceiling on the price of eye-glasses;

<u>Dental Treatment</u>

(6) to require staff to follow up promptly recipients' failure to receive dental treatment and demand their explanation. Unless satisfactorily

explained, no further approvals should be granted;

(7) to settle costs by direct payment more readily in doubtful cases;

Discretionary Special Grants

(8) to remind staff that these grants should be approved sparingly and only on justification;

Loss of Cash

(9) to advise CSSA recipients that, like anyone else, they are responsible for the safe custody of their money; lost cash should not be replaced except in proven circumstances without contributory negligence on the part of the recipient;

(10) as far as possible, to offer assistance in kind instead of cash;

(11) repeated claims of loss of cash should be viewed sceptically. "Loans", rather than grants, should be offered, and to be recovered by deduction from future CSSA payments.

48. SWD accepts these recommendations. We will monitor progress of implementation.

Office of The Ombudsman
December 2008

1

INTRODUCTION

BACKGROUND

1.1 Our community is always sympathetic towards those in genuine hardship or in need. Since 1971, Government has taken up the responsibility to care for the needy and the vulnerable. The Comprehensive Social Security Assistance ("CSSA") Scheme, administered by the Social Welfare Department ("SWD"), provides a safety net for them, by ensuring that they do not want for basic needs. Over the decades, this has developed so that on average, about $50 million is paid daily to some 480,000 CSSA recipients.

1.2 However, there has been continuing concern over possible abuse of the CSSA Scheme. Allegations include: ineligible applicants hiding assets or income to deceive SWD into approving their applications, recipients inflating their bills to obtain excessive disbursements and recipients fabricating causes to obtain special grants intended for necessities not normally covered by CSSA. As the custodian of public funds for the CSSA Scheme, SWD should have sufficient safeguard against abuse.

1.3 In 2003, The Ombudsman initiated a direct investigation to examine the adequacy and effectiveness of SWD's regime for such safeguard. We found cases that confirmed some of the above allegations. On our recommendations, SWD has strengthened its administration of the CSSA Scheme, e.g. by uploading dossiers of approved cases onto its computer for staff reference to make for some consistency in approving applications for special grants.

1.4 Whilst standard rates are fixed and issued to all eligible CSSA recipients to cater for their basic needs, special grants cater for specific needs and must be accounted for. Applications for special grants, therefore, require due consideration. To our disappointment, complaints to hand since our last direct investigation still indicate haphazard processing of applications for special grants, some verging on "giving away" without careful vetting. This calls for further examination of the Scheme, in particular the administration of special grants.

1.5 Against this background, on 14 February 2008, The Ombudsman declared, pursuant to section 7(1)(a)(ii) of The Ombudsman Ordinance, Cap. 397, a direct investigation into SWD's system for preventing abuse of special grants under the CSSA Scheme.

PURPOSE AND AMBIT

1.6 Public funds earmarked for CSSA are taxpayers' money intended for persons in genuine need. Use of CSSA funds on ineligible individuals, or recipients set on taking unfair advantage of the Scheme, drains resources meant for those in genuine hardship. This direct investigation aims to improve administration of CSSA, safeguard the credibility of the Scheme and ensure proper use of public funds. In this context, we examined:

(a) the procedures for handling applications for special grants;
(b) the criteria for approving and disapproving these applications; and
(c) the mechanism for guarding against abuse of the grants.

INVESTIGATION PROCESS

1.7 We have studied relevant papers, case files and statistical data and held discussions with SWD representatives.

1.8 We have interviewed representatives from SWD staff associations and some CSSA recipients. In response to our appeal for public comments, two submissions have been received.

REPORT

1.9 On 24 October 2008, we sent a draft investigation report to the Director of Social Welfare for comments. Having considered and duly incorporated his comments, we issued this final report on 15 December 2008.

2

THE CSSA SCHEME

THE SCHEME

2.1 The CSSA Scheme was first established in 1971 (then known as "Public Assistance") to cover only the cost of food. Over the years, it has developed into a complex welfare system with multifarious payments catering for the needs of different categories of recipients. CSSA comprises various standard rates for different categories of recipients, special grants and supplements for two special groups of recipients. The amounts are adjusted to keep pace with inflation, in accordance with movements of the Social Security Assistance Index of Prices or Consumer Price Index (A) of the Household Expenditure Survey, where appropriate.

Eligibility

2.2 CSSA recipients must be Hong Kong residents who satisfy both a means test (covering income and assets) and a requirement of continuous residence in Hong Kong. With a few exceptions, they must have been a Hong Kong resident for at least seven years and must have resided in Hong Kong continuously for at least one year immediately before the date of application.

Review of Eligibility

2.3 CSSA recipients are required to report changes of their financial circumstances and family status. SWD regularly reviews recipients' eligibility by interviewing them. Such reviews may be conducted biannually, annually or triennially, depending on the recipients' age, health, employment and family condition.

Self-reliance

2.4 CSSA recipients are encouraged to look for jobs so that they can ultimately become self-reliant. SWD's Support for Self-reliance Scheme ("SSS") provides CSSA recipients with the latest market information and support to find employment.

Appeal

2.5 Appeals against SWD's decisions on eligibility and payment of CSSA are considered by an independent Social Security Appeal Board appointed by the Chief Executive and comprising seven members, all non-official.

STANDARD RATES

2.6 Standard rates under the CSSA Scheme, applicable generally to all recipients, are meant to cover the basic needs of nourishment, clothing and transport. The amount payable depends on family size as well as the age and physical condition of the recipient and of his or her family members. The full list is at **Annex I.** The following are a few examples:

<table>
<tr><th rowspan="2">Example</th><th colspan="2">Recipient</th><th rowspan="2">Amount in CSSA ($)</th><th colspan="3">Family member</th><th rowspan="2">Amount in CSSA ($)</th><th rowspan="2">Amount in CSSA ($) (Total)</th></tr>
<tr><th>Age</th><th>Physical condition</th><th>Relationship</th><th>Age</th><th>Physical condition</th></tr>
<tr><td rowspan="2">1</td><td rowspan="2">under 60</td><td rowspan="2">able-bodied</td><td rowspan="2">1,715</td><td>child</td><td>under 60</td><td>able-bodied</td><td>1,560</td><td rowspan="2">4,835</td></tr>
<tr><td>child</td><td>under 60</td><td>able-bodied</td><td>1,560</td></tr>
<tr><td>2</td><td>over 60</td><td>100% disabled</td><td>3,000</td><td>-</td><td>-</td><td>-</td><td>-</td><td>3,000</td></tr>
<tr><td rowspan="4">3</td><td rowspan="4">under 60</td><td rowspan="4">able-bodied</td><td rowspan="4">1,715</td><td>spouse</td><td>under 60</td><td>100% disabled</td><td>2,265</td><td rowspan="4">10,970</td></tr>
<tr><td>parent</td><td>over 60</td><td>constant attendance required</td><td>3,870</td></tr>
<tr><td>child</td><td>under 60</td><td>able-bodied</td><td>1,560</td></tr>
<tr><td>child</td><td>under 60</td><td>able-bodied</td><td>1,560</td></tr>
</table>

SPECIAL GRANTS

2.7 Grants at the standard rates apart, CSSA recipients may apply for special grants to meet their specific needs: standard special grants and discretionary special grants.

Standard Special Grants

2.8 Standard special grants cover expenses under five heads: housing and related grants, family grants, medical and rehabilitation grants, child care grants and school grants. Each head, in turn, comprises several categories of allowances:

Able-bodied recipients	**Elderly, sick or disabled recipients**
Housing and related grants:	
rent, water/sewage charge	rent, water/sewage charge, rent deposit, electricity, water and gas deposits for public housing accommodation, commission for estate agent, removal, telephone, emergency alarm, renewal of electrical fittings
Family grants:	
burial	burial, travel to and from hospital/clinic, early education for children by a subvented non-governmental organisation, meals for trainees in training centres/day activity centres or workers in sheltered workshops, services by day care centres for the elderly, purchase of a lunch in lieu of a meal provided by a subvented institution for the disabled
Medical and rehabilitation grants:	
not eligible	special diet, dental treatment, eye-glasses, care and attention, medical examination fee for admission to a subvented residential institution, annual medical examination fee for

	recipients in elderly residential institutions, home help, occupational therapy, medical or surgical appliances, rehabilitation equipment (wheelchair) and hygienic items (diapers)
Child-care grants:	
occasional child care service, fees for attending child care centre	baby-sitting, maintenance payment to a relative/ friend for board and lodging of a child, occasional child care service, fees for attending child care centre
School grants:	
school fees, school related expenses covering books, uniforms and stationery, meal allowance, fare to and from school and public examinations	school fees, school related expenses covering books, uniforms and stationery, meal allowance, fare to and from school and public examinations

2.9 Standard special grants are paid subject to proof. Some are subject to prescribed limits. For instance, the limits of rent allowance are set by reference to the number of family members:

No. of family members	Maximum rent allowance per month ($)
1	1,265
2	2,550
3	3,330
4	3,545
5	3,550
6 or above	4,435

2.10 Such grants may be recurrent (e.g. rent allowance or meeting the cost of diapers) or one-off (e.g. burial allowance or cost of new eye-glasses).

2.11 Some standard special grants have no ceiling. For those cases, SWD has worked out the average for some "common" items. For instance, the average grant for eye-glasses was $530 in 2006. Over the past four years (2004/05 to 2007/08), grants for eye-glasses amounted to some $18.8 million:

Claims by the same person/family (2004/05-2007/08)	Single person		Family	
	Cases	Amount paid($)	Cases	Amount paid($)
1	6,378	3,896,772.00	6,975	3,537,741.25
2	1,361	1,748,861.00	3,423	3,316,143.00
3	328	642,294.00	1,437	2,069,556.40
4	97	243,398.77	750	1,434,220.92
5	24	80,451.00	309	735,266.00
6	7	24,083.00	157	454,308.00
7	1	2,693.00	65	214,478.00
8	1	7,520.00	44	179,024.00
9	1	8,700.00	25	108,513.00
10			15	76,626.00
11			8	43,731.00
12			3	17,834.00
13			2	11,480.00
14			1	6,048.00
Total	**8,198**	**6,654,772.77**	**13,214**	**12,204,969.57**

Source: SWD

Discretionary Special Grants

2.12 Current rates of various standard special grants for able-bodied recipients and elderly, sick or disabled recipients respectively are at **Annexes II and III.**

2.13 Discretionary special grants are intended to enable recipients to avoid such exceptional hardship as homelessness, family breakdown and lives at risk. They cannot be listed exhaustively. Examples are for replacement and repair of household effects, an after-school-care programme, a new washing machine, a driving licence, a passport application, renovation of house and even loss of cash. In addition, able-bodied recipients may apply for discretionary issue of standard special grants for items such as eye-glasses, to which elderly, sick or disabled recipients are entitled as of right.

2.14 The following table enumerates the cases of grants paid to cover loss of cash between 2004/05 and 2007/08:

Claims by the same person/family	Single person		Family	
	Cases	Amount paid ($)	Cases	Amount paid($)
1	48	80,473.87	28	78,003.44
2	-	-	2	7,059.00
3	1	4,603.00	-	-
Total	**49**	**85,076.87**	**30**	**85,062.44**

Source: SWD

2.15 Similar to standard special grants, some discretionary special grants are reimbursement of actual expenses while others are paid at a flat rate or up to the prescribed ceilings.

Expenditure

2.16 In 2007/08, standard special grants accounted for $5.1 billion, or 28.9 % of the total expenditure on CSSA. Of these, rent allowance constituted the lion's share, at $3.67 billion. The expenditure on discretionary special grants was about $57.4 million.

SUPPLEMENTS

2.17 Two special groups of CSSA recipients are entitled to supplements to recognise the special hardship that may be experienced by them. Single parents receive a monthly supplement of $245, while elderly, sick or disabled recipients who have been on CSSA continuously for 12 months are given a long-term supplement in the form of a single payment in the 13th month: $1,550 for a single person, $3,110 for a family of two to four and $3,825 for a family of five or more.

3

MECHANISM FOR PREVENTING ABUSE

SELF-REPORTING

3.1 CSSA applicants are required to attest to the accuracy of their information regarding income, assets and family status. They have to produce supporting documents and to report any subsequent changes. They must also confirm their understanding of the legal consequences of obtaining welfare by deception.

SWD VETTING

3.2 As part of its vetting process, SWD conducts home visits and, where appropriate, verifies information with the applicant's family members, relatives, landlord and other relevant parties.

3.3 SWD regularly reviews recipients' eligibility to tackle failure to report changes of financial circumstances and family status (see **para. 2.3**). Recipients are required to repay any overpayment, if the changes should have led to a reduction in CSSA entitlement or even ineligibility.

SPECIAL INVESTIGATION SECTION

3.4 Suspected fraud will be referred to the Special Investigation Section ("SIS") of the Department. Headed by a Chief Social Security Officer, SIS comprises four teams: a Data Matching Team, two Fraud Investigation Teams and a Target Investigation Team.

3.5 The Data Matching Team comprises one Social Security Officer I, 4 Social Security Officers II and 20 Senior Social Security Assistants. It is responsible for regular data-matching with other Government departments and organisations to verify information provided and check for unreported information. In-depth investigation will be conducted if fraud is suspected.

3.6 The Fraud Investigation Teams, each comprising one Social Security Officer I and 22 Social Security Officers II, investigate referrals and complaints of suspected fraud. The recipient will be required to repay any overpaid CSSA and may receive a warning or even be prosecuted if fraud is established.

3.7 The Target Investigation Team[1] of one Social Security Officer I, 6 Social Security Officers II and 27 Senior Social Security Assistants is responsible for conducting random checks and quality checks on social security cases. It also performs some *ad hoc* tasks and other special assignments.

3.8 Fraud detection depends primarily on information from complaints and data-matching processes. The table below shows the number of referrals and complaints received, cases of fraud established, amount of overpayment revealed and cases referred to the Police for the years 2004/05 to 2007/08 in respect of CSSA cases:

Items \ Year	2004/05	2005/06	2006/07	2007/08
Reports of fraud received	4,699	4,912	4,769	4,469
Fraud cases established	665	764	896	1,021
Overpayment involved in established fraud cases ($million)	$39.6	$47.6	$50.5	$48.9
Cases referred to Police	112	289	372	342

Source: SWD

[1] *Formerly Performance Management Team responsible for internal auditing of selected cases, evaluating performance of social security field units and identifying improvement and training needs, the team was renamed on 1.4.2006 to represent the expansion of its role to include target investigation.*

SAFEGUARD FOR SPECIAL GRANTS

3.9 Special grants are subject to additional safeguard against abuse.

Processing Procedures

3.10 Approval of standard special grants and discretionary special grants involves two-tier and three-tier processes respectively. A frontline Investigating Officer, at the level of Social Security Assistant or Senior Social Security Assistant[2], verifies the need for special grants. The Authorising Officer, a Social Security Officer II[3], approves applications for standard special grants up to certain cash limits, e.g. up to $1,000 for grants to cover eye-glasses. For discretionary special grants, a Social Security Officer I[4] to Directorate D1 or D2 officer, depending on the nature of the application, will approve.

3.11 SWD has general guidelines for processing applications for standard special grants. For discretionary special grants, SWD has set out broad principles, reminding officers to exercise care and keep the grants to a minimum. SWD considers absolute consistency in approving these grants impossible. Nevertheless, in response to our 2003 study, it has uploaded dossiers on approved cases onto its computer for staff reference to make for **some** consistency in approving applications for these grants.

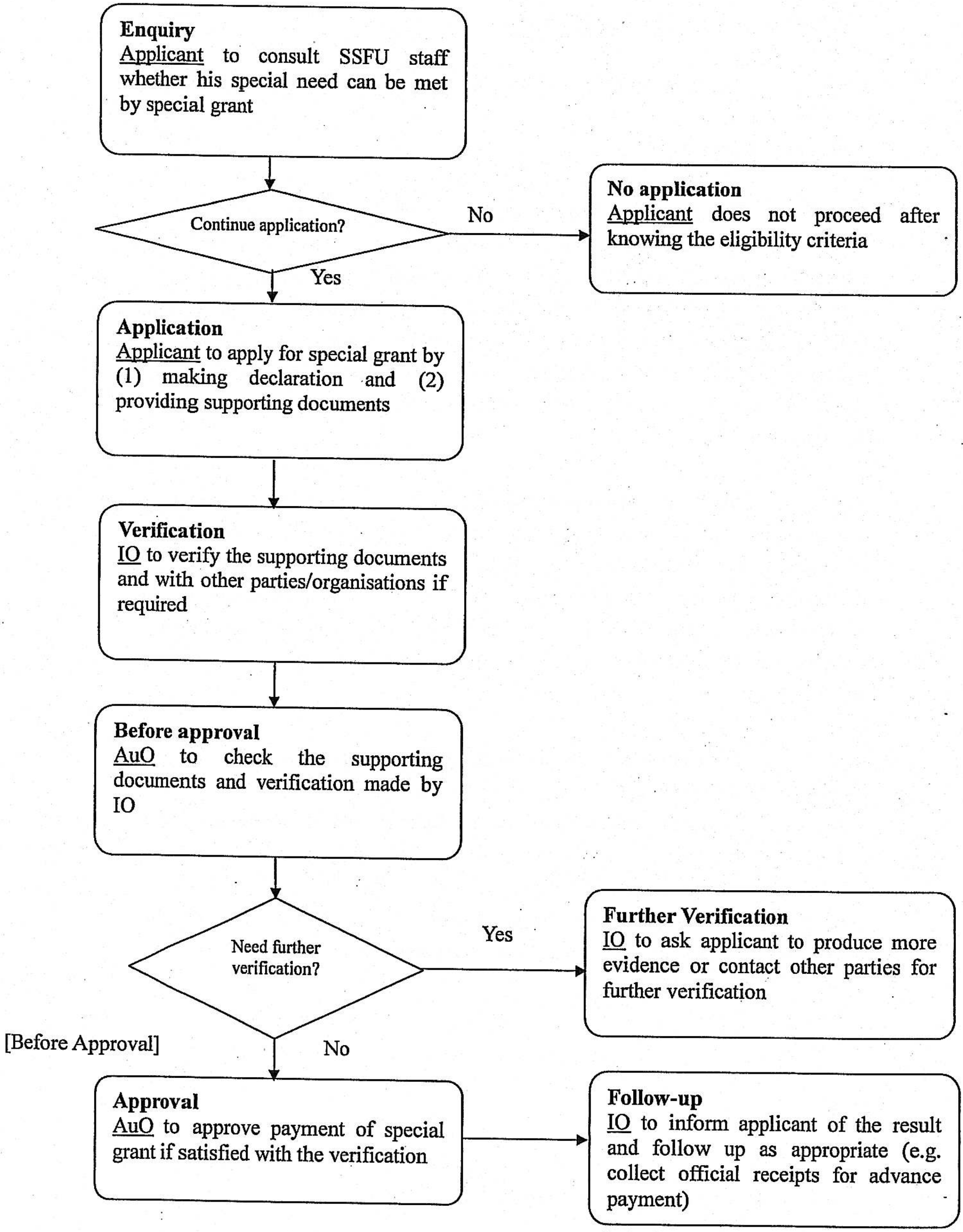
3.12 In cases where the applicants have difficulty paying up front for items eligible for reimbursement, SWD will advance to them the grants based on estimates. Actual expenses will be verified within six months, or in case of recurrent expenses, at least every six months.

3.13 The following flowcharts detail the procedures for handling applications for standard special grants and discretionary special grants.

---

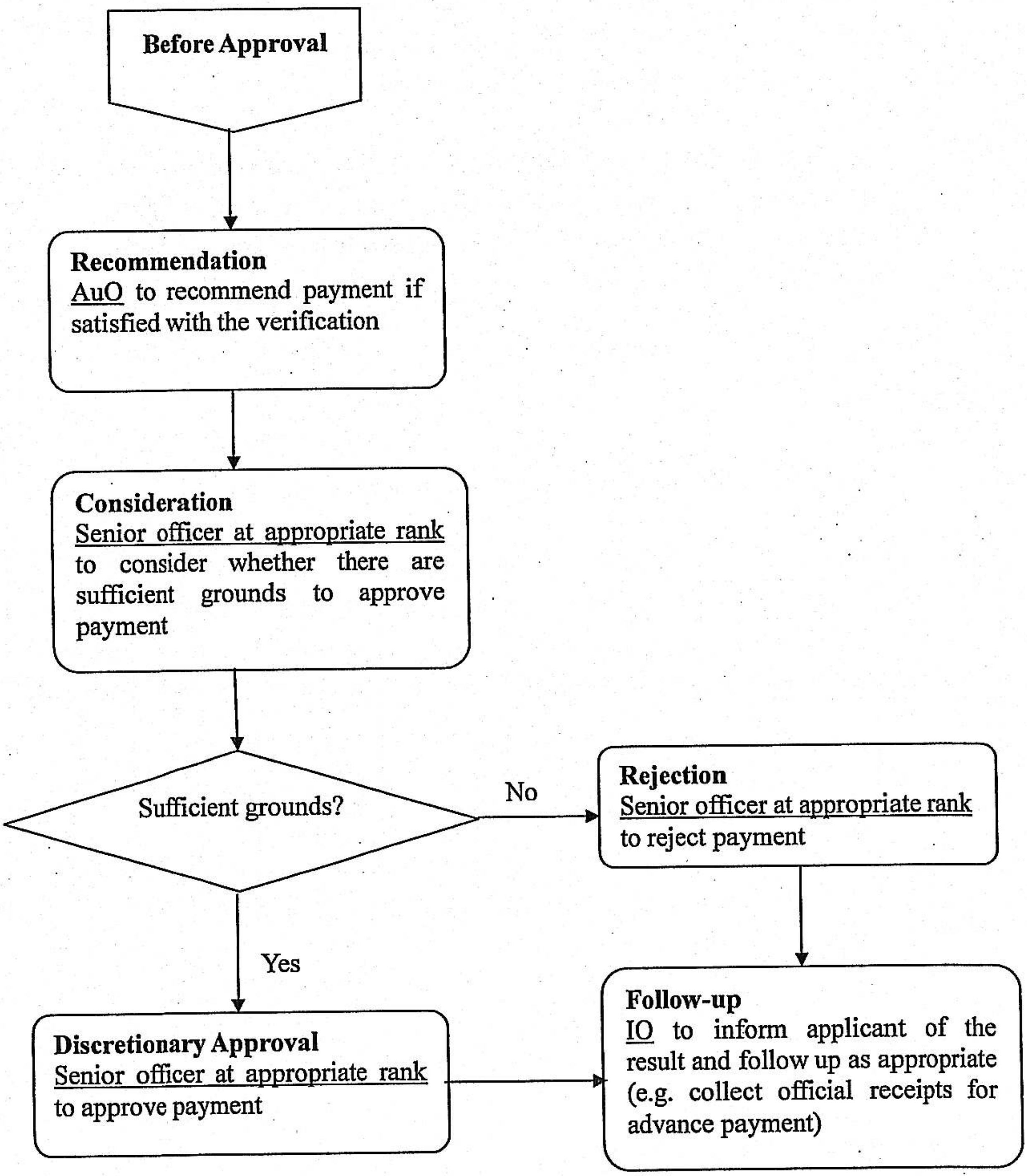
[2] *At the rank of MPS 7-17 ($13,120 to $22,985) and MPS 18-23 ($24,120 to $30,615) respectively.*
[3] *At the rank of MPS 10-27 ($15,785 to $36,740).*
[4] *At the rank of MPS 28-33 ($38,470 to $48,400).*

Flow-chart for handling applications for standard special grants



Legend
SSFU: Social Security Field Unit
IO: Investigating Officer
AuO: Authorising Officer

Flow Chart for handling applications for discretionary special grants or discretionary issue of standard special grants



Legend
IO: Investigating Officer
AuO: Authorising Officer

System Safeguard

3.14 SWD's computer system has built-in validation to guard against wrongful input. For instance, approving a standard special grant for eye-glasses for a second time within 12 months or approving a grant to a family which will increase its monthly CSSA to exceed $34,986 ($8,202 in case of single person) will attract warning messages. However, the grant can still be approved.

3.15 The system will also alert SWD staff to cases where the approved amount is obviously wrong, e.g. approving a burial grant exceeding the prescribed limit of $10,750; or apparently exorbitant, e.g. approving a single payment of $50,000 or above. Daily reports are generated to the Social Security Field Units for monitoring.

Incidence of Abuse

3.16 Below are statistics on abuse detected over the past few years:

	2004/05		**2005/06**		**2006/07**		**2007/08**	
	Number of reports	**Number of abuse detected**	**Number of reports**	**Number of abuse detected**	**Number of reports**	**Number of abuse detected**	**Number of reports**	**Number of abuse detected**
Rent allowance	148	67	178	77	213	69	167	56
Eye Glasses	0	0	0	0	1	0	0	0
Diapers	3	0	1	1	1	0	0	0

Source: SWD

4

OBSERVATIONS AND COMMENTS

THE SCHEME

4.1 Government is committed to providing for the needy and the vulnerable. It is, therefore, duty-bound to ensure speedy processing via SWD of applications for CSSA from those genuinely in need. In case of extreme hardship requiring assistance in special grants, processing should be expeditious; any red tape is unrealistic and unacceptable. They should, therefore, be processed with due flexibility and discretion. Our Office is sympathetic and considers Government properly responsible. In dealing with recipients' plight, SWD staff must use their common sense while adopting a compassionate approach.

4.2 At the same time, the CSSA Scheme is funded from the public purse. As the custodian of public funds and the administrator of the Scheme, SWD must ensure proper use of the provision and guard against abuse. SWD staff must exercise care and reason in approving *bona fide* applications and detecting *mala fide* cases. SWD owes it to taxpayers to use the funds properly: to assist the needy and the vulnerable. Misdirecting funds to the greedy and unscrupulous drains public resources intended for those in genuine hardship.

4.3 This is a public duty for SWD, as with Government departments entrusted with public money, say, for legal aid or student financial assistance. While rigid rules and hardened bureaucracy have no place in a Scheme conceived with compassion, SWD's processing must remain reasonable and realistic, responsive and

responsible.

4.4 We find the procedures for handling applications for special grants, the criteria for approving and disapproving these applications and the mechanism for preventing abuse generally in order. It is mainly the mindset of some SWD staff responsible for processing applications for special grants that suggests a need for review.

4.5 Some sample cases are outlined below. The first two illustrate that special grants are necessary to help those genuinely in need; the others show that while some efforts to safeguard against abuse are commendable, cases of abuse have been allowed to go on for years because of indiscriminate approvals and ineffective reviews.

CASES OF MEETING GENUINE NEED

Case 1

4.6 The recipient has been on CSSA since 1998 on grounds of low income ($3,300 per month). He has a wife and nine children aged four to 15, some with disability. Between 2004/05 and 2007/08, he received CSSA totalling over $1.116 million, i.e. averaging $279,000 per year. The family has been receiving standard special grants for rent, water charges, school fees, school-related expenses, nursery expenses, travel expenses for schooling and meals for full-day students. Since 2008, he has been suffering from social handicap problem and has been exempted from SSS (see **para. 2.4**).

Case 2

4.7 This recipient has been on CSSA since 2003. A traffic accident in 2004 killed his daughter and rendered him bedridden. In 2006, his wife divorced him and left with their son.

4.8 In 2007, he applied for a special grant to employ a foreign domestic helper to take care of him. He was issued a one-off grant of $5,280 to cover the handling charge of the employment agency, insurance premium and levy and also a recurrent grant of $3,780 per month to pay for the helper.

Observations

4.9 Without CSSA including the special grants approved, the recipient in Case 1 would have to support a family of 11 (including himself) on a meagre income. His children would be in extreme hardship. While such high fertility is not to be encouraged, his practical problem could not have been alleviated save by SWD assistance. The recipient in Case 2 is on his own and there is no way that he can take care of himself. SWD has sensibly made it possible for him to engage a domestic helper.

4.10 These two cases show how CSSA, including the special grants, can function well as a safety net for the less fortunate members of our community. Resources are effectively used for taking care of the needy and the vulnerable.

CASES OF INEFFECTIVE REVIEWS

Case 3

4.11 This recipient has been on CSSA since January 2003 on grounds of ill health. His case has been reviewed every six months.

4.12 In 2005, the case was selected for Baseline Survey Random Checking[5]. He was found to have withheld information about his rent arrears and forged rental receipts for the period from August 2003 to December 2005, securing a special grant for rent allowance of over $35,000 by deception. The case was reported to the Police. The recipient was convicted and sentenced to four months' imprisonment. The overpayment was to be repaid by 24 instalments.

Case 4

4.13 This recipient has been on CSSA since 2002. Upon moving in July 2004, he "proved" to SWD with a rental agreement that the new rent was $3,600 per month. At the review in 2005, he submitted rental receipts of $3,600 for verification. However, at the review in 2006, he inadvertently submitted the real rental agreement, stamp-duty paid and signed in 2004, which showed the monthly rental to be only

---

[5] *A special survey conducted in 2005 by the then Performance Management Team of SIS, during which cases of various categories of CSSA recipients were selected for full review to detect irregularities, as part of the risk management measures.*

$3,000, together with a receipt of $3,000 for June 2006.

4.14 He was sentenced to two months' imprisonment. The overpayment of some $11,000 was to be deducted from his CSSA in 16 instalments.

Case 5

4.15 This case involves two CSSA recipients, A and B. A rented a room at $2,000 a month and shared it with B, i.e. each bearing $1,000 of the cost. Since 2001, they had each been applying for a standard special grant of rent allowance of $1,450 per month (i.e. $450 in excess), with fake receipts for rent and deposit. Three reviews failed to discover the fraud. During one of the reviews of B's case, SWD made a telephone check but was fooled by A impersonating the landlord. Finally, during a review in 2005, SWD Field Unit staff telephoned the wife of the real landlord and discovered the fraud.

4.16 A and B had each secured over $20,000 by deception[6]. They were sentenced to four months' imprisonment and required to repay the overpayment by 60 and 59 instalments respectively through deduction of their future CSSA.

Observations

4.17 Rent allowance constitutes the lion's share of standard special grants (see **para. 2.16**). SWD should be particularly careful with these grants. However, cases 3, 4 and 5 show that SWD's regular reviews of recipients' eligibility are of little use. SWD should perhaps rely more on external checking. A home visit and direct discussion with the landlord would have exposed the fraud and deception more readily.

Case 6

4.18 The recipient's mother, aged 79 and disabled, had to use adult diapers. Between April 2001 and January 2005, the recipient submitted 47 receipts to SWD, of which only the first two were authentic. During a review in 2005, SWD verified with the dispensary concerned and discovered the fraud.

---

[6] *The recipients had each received $1,450 per month from 1 March 2001 to 31 May 2003 and $1,265 per month (the prescribed ceiling) from 1 June 2003 to 31 October 2007.*

4.19 The case was reported to the Police. After investigation, the Police decided not to prosecute the recipient because the owner of the dispensary changed his statement, resulting in insufficient evidence. Nevertheless, the recipient was required to repay the overpayment, some $86,000.

Observations

4.20 Since the first grant in April 2001, there had been 17 reviews. However, the deception lasted for four years. In the event, it took only a single telephone call to the dispensary during the 18th review in 2005 to discover the fraud. The previous reviews were clearly mere paper exercises not worth the time and manpower spent.

4.21 SWD guidelines should have set out more clearly steps for review, which should not be merely a paper check.

CASE OF APPROVING APPLICATIONS WITHOUT DUE CARE OR REASON

Case 7

Eye-glasses

4.22 The recipient had been on CSSA since 2003. In May 2004, he wanted glasses for his short-sightedness (right eye 3.25 degrees and left eye 3.50 degrees) and chose a designer frame by Gucci. With a quotation of $1,500, he applied for a standard special grant and was granted $1,000, the maximum amount which SWD frontline officers could approve. In the next two years, he applied for the same grant four times:

Date	Reason for replacement	Quoted price	Price on the receipt (date)	Receipt obtained by SWD
23.11.2004	Progression by 0.25 degree (each eye)	$1,000	$1,000 (23.11.2004)	23.11.2004
10.6.2005	Broken by accident	$1,000	$1,000 (16.6.2005)	13.9.2005
8.3.2006	Broken by accident	$1,000	$1,000 (15.3.2006)	18.4.2006
18.4.2006	Broken in a fight	$1,080	$1,000 (25.4.2006)	24.11.2006

Source: SWD

4.23 On each occasion, a Social Security Officer II approved the grant and released payment, immediately upon application.

4.24 In January 2007, with a quotation of $1,951, he again applied for a grant to replace his glasses also for progression by 0.25 degree. According to the quotation, the frame (again by Gucci) alone cost $1,501 after discount and the lenses $450. SWD telephoned the supplier to verify the quotation and then granted him $1,000. The recipient was, however, dissatisfied with the act of verification and complained to this Office.

4.25 We considered SWD's verification a responsible act. However, we questioned its approval of the grant, which is meant to cater for basic albeit "special" needs, rather than luxury items or replacements on flimsy grounds. To justify its approval, SWD explained that some recipients suffering from serious eye ailment might need more costly special glasses. In this particular case, it was later confirmed that the recipient was not suffering from any such ailment.

4.26 Subsequently, the recipient forfeited the $100 deposit that he had paid to obtain the quotation of $1,951 and bought a pair of contact lenses for $530 from another supplier instead (4.25 degrees for both eyes). The transaction, therefore, cost taxpayers $630. He was required to repay SWD the balance of $370.

4.27 In May 2007, the recipient wanted to replace his glasses again as he claimed that the contact lenses were uncomfortable and the shortsightedness of his right eye had reduced by 0.25 degrees (4.00 degrees for the right eye and 4.25 degrees for the left eye). SWD granted him yet another $1,000.

Observations

4.28 The recipient obtained his first pair of glasses in May 2004. Six months later, he sought a new pair because of progression by only 0.25 degree. Reasonable questions would have been:

- Does progression by 0.25 degree require replacement[7]?
- Why does it cost over $1,000, given the average of $530 for a pair of glasses (**para. 2.11**)?

[7] *According to the Hong Kong Society of Professional Optometrists, in general, a change of 0.25 degree does not necessitate replacement of eye-glasses.*

- Why can the existing frame, only six months old, not be used again?
- Should CSSA recipients be provided with costly designer frames at public expense and at rather frequent intervals?

4.29 It appears that SWD staff had approved the grants without raising any such questions. Over the next three years since 2004, the recipient was able to make yet another six successful applications.

4.30 On our inquiry, SWD initially explained that it had not questioned the unusually high prices because certain eye ailments called for special lenses. Later, when challenged and after checking, SWD advised that the recipient in this case was not suffering from any such condition (see **para. 4.25**). This suggests that this particular recipient's applications had not been processed with due care or even a practical assessment of what would be a reasonable price or realistic frequency for replacement of glasses. Indeed such ready approval on a repetitive basis had clearly given a misconception to the recipient that SWD should not even have vetted his applications, and hence his complaint to this Office against SWD for verifying his quotation.

Dental Treatment

4.31 Between May 2004 and June 2007, the same recipient also made five applications for standard special grant for dental treatment. On each occasion, he presented SWD with a quotation after check-up: $1,650 in May 2004, $2,330 in September 2005, $870 and $1,550 in May 2006 and $1,050 in June 2007. On each occasion, he was granted cash in advance, except in June 2007 when SWD paid the clinic direct.

4.32 In fact, the recipient did not receive any treatment until June 2007. Subsequently, he agreed to repay the overpayment by deduction from his CSSA by instalments.

4.33 While approving the five applications, SWD staff never checked if the recipient had gone to the clinic for treatment, nor queried why the recipient had not done so.

Observations

4.34 It is incredible that the recipient could have obtained cash advance from SWD on each occasion with just a quotation. For the first two instances, SWD approval might well be justifiable. However, in the absence of any receipt to certify treatment actually received, subsequent applications should have raised queries. It is amazing that it was not until the fifth occasion that SWD staff took the initiative to pay the dentist direct.

Rent Allowance

4.35 The same recipient received a rent allowance of $765 a month for public housing. However, he defaulted on rent payment of $7,650 from June 2006 to March 2007 and was issued a Notice to Quit. After negotiation, the Housing Department allowed him to pay the rent arrears by instalments. He asked SWD to pay for him and deduct the amount by instalments from his future CSSA. SWD refused.

Observations

4.36 Direct payment would ensure timely payment and prevent the recipient from accumulating rent arrears or further obtaining cash advance from SWD on the pretext of dental treatment. Since 1 June 2007, SWD has been paying rent for public housing direct. The situation mentioned in para. 4.35 should not recur. However, unless direct payment becomes the norm, the risk of misuse, i.e. spending earmarked grants for other purposes, remains with other special grant items.

4.37 Case 7 was a blatant case of abuse. To all intent and purposes, SWD had been offering the recipient ready cash and interest-free loan, as well as the standard rate and special grants.

4.38 This case only came to our attention because the recipient felt hard done by and chose to complain to us. Upon our inquiries, SWD still tried to defend and justify its approvals, and could not see the possibility of abuse. This worries us.

4.39 This must go down in CSSA history as a classic case for study and staff reference.

CASE OF REJECTING UNREASONABLE CLAIM

Case 8

4.40 This recipient asked for food, as his money had allegedly been stolen. However, as he still had $1,800 in his bank account, SWD declined his request. He then withdrew the amount from the bank and disposed of it. He applied to SWD again for a discretionary special grant but was turned down.

Observations

4.41 By nature, claims relating to loss of cash are not supported by receipts. Approving officers must vet such claims carefully to ascertain authenticity of the claims. The recipient in Case 8 had disposed of his money to support his claim of need, which was obviously not genuine. The approving officer sensibly refused an unreasonable claim. The efforts are commendable.

CASES OF EASY GIVING-AWAY

Case 9

4.42 The recipient (able-bodied, aged 29) and his wife (able-bodied, aged 26) had two able-bodied children aged 4 and 7. They have been on CSSA since May 1998. In 2004, they were receiving CSSA of $10,877 per month, of which $3,545 was rent allowance. In April 2004, he claimed to have been robbed of $7,600 and requested a discretionary special grant of $5,355 to cover rent and the children's school fees and school bus fares. His request was approved.

Case 10

4.43 Suffering from depression and personality disorder, this recipient claimed that he had lost $1,900 in December 2004 and applied for a discretionary special grant to make good that loss. SWD granted him an allowance for travelling to receive free meals from a voluntary agency for six days and another $1,703 for meals for the rest of January 2005.

4.44 In June 2006, the recipient claimed that he had lost $1,300. SWD gave him dry rations for nine days and granted him $1,300 to cover the rest of the month. In July 2006, the recipient claimed that he had lost $2,000 and declined free meals or dry rations. He wanted only money and was granted $2,000. He was advised to keep his money safely. He was also referred to a medical social worker for appointing an agent to receive his CSSA on his behalf. However, he refused.

Observations

4.45 These cases concern discretionary special grants. As standard special grants, together with the standard rate, should take care of most needs, discretionary special grants should be reserved for truly exceptional circumstances. According to SWD, discretionary special grants are for such hardship as homelessness or family breakdown. Given the intended nature of these grants, we accept that it is difficult to draw up specific guidelines for approval. SWD dossiers (see **para. 3.11**), however, do offer precedents for staff reference. Unprecedented cases will have to rely on the good sense and professional judgement of the officers approving the applications.

4.46 Although the recipient in Case 9 might suffer hardship if the alleged loss were not made good, SWD staff should have asked why he was carrying so much cash and also offered him help in kind instead. Like anyone else, the recipient is responsible for the safe custody of his money. There can be no automatic expectation that his loss would be compensated.

4.47 In Case 10, in addition to providing food, SWD granted cash to the recipient. Clearly, what the recipient wanted was cash. He was not really interested in and did not ask for help of a material kind. We question whether SWD should have so readily given in to his refusal to receive assistance in kind.

4.48 In our 2003 study, we noted that SWD had approved discretionary special grants to an able-bodied adult to cover loss of cash five times in less than 17 months. Such easy indulgence could well encourage carelessness and even open to possible abuse of a fraudulent nature.

4.49 While providing a safety net for the genuine cases, there is a need for SWD to be vigilant to safeguard against possible abuse. One option is to treat the cash granted as an advance and deduct it from future CSSA. In effect, recipients

would be given a loan to tide them over their loss and not a fresh grant.

CONCLUDING COMMENTS

4.50 The community needs, indeed expects, assurance that the CSSA Scheme is for the genuinely needy and vulnerable. A credible system for preventing abuse, detecting attempts to defraud and investigating them with determination for deterrence and punishment would help to uphold the integrity of the Scheme and reassure the community.

4.51 In approving special grants and conducting checks, SWD staff must be flexible and sympathetic, but always exercise due care, diligence and sound judgement in considering the reasons for the applications. The cases above, however, suggest that at times, there seems to be an abandonment of common sense and lack of practical judgement among some in SWD, awarding grants when unwarranted.

4.52 In this connection, we note that relatively junior staff are sometimes required to shoulder the responsibility for approving complicated or dubious cases. This is not appropriate or commensurate with their rank or experience.

4.53 In passing, we wish to point out that as in Case 9 (see **para. 4.42**), there are able-bodied individuals on CSSA for over ten years and we wonder if they would ever be able to leave the safety net. It is high time that our community actively explore the possibility of limiting the period of assistance to such recipients.

5

RECOMMENDATIONS

5.1 The CSSA Scheme is a mark of a caring community and a responsible government in a relatively affluent community, to ensure those in hardship do not want for their basic needs. In this context, the public funds for CSSA must go only to eligible and genuinely needy individuals. Based on our observations and comments in Chapter 4, The Ombudsman recommends that the Director of Social Welfare adopt the following measures for more effective prevention of abuse, as well as better use, of special grants under the CSSA Scheme:

General

(a) to continue to impress upon CSSA applicants their obligation for full and truthful disclosure of their particulars as well as any changes thereto and the consequences of failure to do so (**para. 3.1**);

Standard Special Grants

<u>Rent Allowance and Other Recurrent Allowances</u>

(b) to consider more involvement of senior officers (Social Security Officer I or above) in vetting dubious or complicated cases (**paras. 3.10 and 4.52**);

(c) to require staff to verify supporting documents carefully by home visits and, where possible, clarification with landlords, chief tenants or suppliers of goods as appropriate (**paras. 4.17**

and 4.20);

Eye-glasses

(d) to set a ceiling on the number of new eye-glasses normally allowed within a given period of time, with exceptions for cases of special need as certified by eye doctors **(para. 4.28 to 4.29)**;

(e) to set a ceiling on the price of eye-glasses **(para. 4.30)**;

Dental Treatment

(f) to require staff to follow up promptly recipients' failure to receive dental treatment and demand their explanation. Unless satisfactorily explained, no further approvals should be granted **(para. 4.34)**;

(g) to settle costs by direct payment more readily in doubtful cases **(para. 4.36)**;

Discretionary Special Grants

(h) to remind staff that these grants should be approved sparingly and only on justification **(para. 4.45)**;

Loss of Cash

(i) to advise CSSA recipients that, like anyone else, they are responsible for the safe custody of their money; lost cash should not be replaced except in proven circumstances without contributory negligence on the part of the recipient **(para. 4.45 to 4.47)**;

(j) as far as possible, to offer assistance in kind instead of cash **(para. 4.45 to 4.47)**;

(k) repeated claims of loss of cash should be viewed sceptically. "Loans", rather than grants, should be offered, and to be

recovered by deduction from future CSSA payments **(para. 4.49).**

5.2 SWD accepts these recommendations. We will monitor progress of implementation.

5.3 The Ombudsman thanks the Director of Social Welfare and his staff for their cooperation.

Office of The Ombudsman
Ref. OMB/DI/175
December 2008

ANNEXES

ANNEX I

(para. 2.6)

The current standard rates for different categories of CSSA recipients

Category	Amount per month ($)	
	Single person	**Family member**
Elderly person aged 60 or above		
Able-bodied/50% disabled	2,475	2,335
100% disabled	3,000	2,650
Requiring constant attendance	4,220	3,870
Ill-health/Disabled adult aged under 60		
Ill-health/50% disabled	2,100	1,900
100% disabled	2,620	2,265
Requiring constant attendance	3,830	3,480
Disabled child		
50% disabled	2,795	2,435
100% disabled	3,310	2,960
Requiring constant attendance	4,525	4,180

	Single person	**In a family comprising**		
		not more than 2 able-bodied adults/children	3 able-bodied adults/children	4 or more able-bodied adults/children
Able-bodied adult aged under 60				
Single parent/Family carer	-	1,900	1,715	1,520
Other adult	1,750	1,555	1,405	1,255
Able-bodied child	2,100	1,740	1,560	1,390

[Note: For the purpose of payment of standard rates, a child is defined as one aged below 15 or aged 15-21 receiving full-time education (students receiving post-secondary education are normally not eligible under the Scheme), while an ill-health or disabled person must obtain medical certification on his/her health condition from a doctor of a public hospital or clinic.]

ANNEX II
(para. 2.12)

The current rates of standard special grants payable to able-bodied adults/children

(i) Housing and related grants

Types of grant	Payment rate
(a) Rent allowance	

No. of eligible family members	Maximum rate per month ($)
1	1,265
2	2,550
3	3,330
4	3,545
5	3,550
6 or above	4,435

(SWD may consider granting a rent allowance above the maximum level to cover the actual rent, if the applicant is waitlisted for compassionate re-housing.)

(b) Water/sewage charge allowance — Amount of allowance depends on the number of persons sharing the water meter

Number of persons sharing the water meter	Amount of allowance per person per month ($)
1	Nil
2	7.0
3	9.6
4	11.2
5	13.2
6	15.1
7	17.1
8	18.5
9	19.6
10 or above	20.5

(ii) Family Grant (a) Burial grant	Up to $10,750
(iii) Medical and rehabilitation grants	Not eligible

(iv) <u>Child-care grants</u>

Types of grant	Payment rate
a) Grant for occasional child care services provided by aided child care centre on half-day or full day basis	Actual fees (cost of meals excluded)
b) Grant for attending a child care centre	Group aged 0-2: Up to a maximum of $4,735 per month Group aged 2-3: Up to a maximum of $3,153 per month

(v) <u>School grants</u>

Types of grant	Payment rate
a) Grant to cover school fees	Actual school fees, except for kindergarten for which the maximum levels are: full-day kindergarten: $25,400 per year half-day kindergarten: $16,000 per year
b) Meal allowance for students	$210 per month for full-time students who have to take lunch away from home
c) Grant to cover fares to and from school	Actual expenses (normally by the cheapest means of transport)
d) Grant to cover Hong Kong Certificate of Education Examination and Hong Kong Advanced Level Examination fees	Actual fees

e) Grant for selected items of school-related expenses (i.e. books, stationery, school uniforms, miscellaneous and minor one-off expenses)

A flat-rate grant is payable to full-time students up to the upper secondary level for selected items of school-related expenses. The rate are as follows:

Level of education	Rate per student (per year) Full grant ($)
Child care centre (Group aged 0-2/ Group aged 2-3)	1,245
Kindergarten	2,845
Primary	2,505
Lower secondary (secondary 1-3)	3,810
Upper secondary 4-7 (including technical/ commercial institutes)	3,210

Note: (1) The grant is normally paid before the commencement of the school year.

(2) If the family is eligible for CSSA after the commencement of the school year, the amount of grant payable will be adjusted accordingly.

(3) Additional payment can be considered if the actual expenses exceed the amount of the grant paid.

The current rates of standard special grants payable to elderly, disabled persons and persons medically certified to be in ill health

(i) Housing and related grants

Types of grant	Payment rate
a) Rent allowance	

No. of eligible family members	Maximum rate per month ($)
1	1,265
2	2,550
3	3,330
4	3,545
5	3,550
6 or above	4,435

[SWD may consider granting a rent allowance above the maximum rate to cover the actual rent, if an elderly applicant is waitlisted for compassionate re-housing or by a subvented residential institution (not applicable to one who is residing in a private elderly residential institution).]

b) Water/sewage charge allowance — Amount of allowance depends on the number of persons sharing the water meter

Number of persons sharing the water meter	Amount of allowance per person per month ($)
1	Nil
2	7.0
3	9.6
4	11.2
5	13.2
6	15.1
7	17.1
8	18.5
9	19.6
10 or above	20.5

c) Grant for rent deposit — Up to two times of the appropriate maximum rent allowance

d) Grant for electricity, water and gas/LPG deposits for accommodation in public housing	Actual expenses
e) Grant for commission fee to an estate agency	Actual expenses, up to 200% of the appropriate maximum rent allowance
f) Domestic removal grant	<u>Permanent public housing or interim housing</u> From $2,907 up to a maximum of $10,276, depending on the number of eligible members, to cover removal cost, basic-fitting out expenses and telephone installation fees <u>Private housing</u> From $1,120 up to 2,948, depending on the number of eligible members <u>Housing for Senior Citizens</u> Single person : $2,907 Couple : $6,197 (The grant covers the cost of removal, telephone installation and essential household items in connection with the removal.) <u>Institutions for the elderly</u> $560
g) Grant to cover telephone installation fee and monthly telephone fees	Actual fees charged for installing a standard telephone set and for renting a residential telephone line and a standard telephone set (Payable to cases demonstrating a genuine need for a telephone)

h) Grant for emergency alarm system for elderly recipients	Installation fee on a one-off basis: up to $2,500; or monthly service charges: up to $100 per month
i) Grant for renewal of electrical fittings	Actual expenses

(ii) Family grants

Types of grant	Payment rate
a) Grant to cover fares to and from hospital/clinic and other essential travelling expenses	Actual expenses (usually by the cheapest means of available transport)
b) Allowance for purchase of a lunch in lieu of a meal provided by a subvented institution for the disabled	Up to the difference between $17.9 and the amount refunded by the institution.
c) Grant for services provided by day care centres for the elderly	Flat-rate grant to elderly or disabled recipients using the service. Elderly: $199 per month 100% disabled: $286 per month This grant is not payable to recipients who are in receipt of a higher standard rate or miscellaneous expenses rate for being in need of constant attendance
d) Grant for services provided by early education and training centre run by subvented NGOs	Actual expenses
e) Grant for meals provided to trainees in training centres/day	A special grant to cover any amount in excess of $11.5 per meal or $230 per month charged for meals in a training day centre/day activity

activity centres or workers in sheltered workshop	centre/sheltered workshop
f) Burial grant	Up to $10,750

(iii) Medical and rehabilitation grants

Types of grant	Payment rate
a) Special diet allowance	Medical recommendation from a doctor of a public hospital or clinic is required Higher rate: $775 per month (For those certified as suffering from anaemia, malignancy, diabetes, tuberculosis (under treatment), or as requiring a fluid diet, or under a post-operative condition or those with stoma.) Lower rate: $405 per month (For those certified as suffering from liver disease, kidney disease, disseminated lupus erythematosus or as requiring an ulcer diet.
b) Grant for eye-glasses	Actual expenses
c) Grant for dental treatment	Actual expenses subject to a ceiling:

Types of dental treatment	Ceiling amount ($)
Registration/check up	50
X-ray per film	55
Scaling, polishing	275
Fillings	260
Root canal treatment	1,220
Dentures	155 – 6,365
Bridges	265 – 1,670
Crowns	265 – 1,700

(The applicant should approach one of the dental clinics designated by SWD for a cost estimate. He/she is free to receive treatment from a registered private dentist instead, but the grant

	will not exceed the cost estimate.)
d) Grant for medical, rehabilitation, surgical appliances and hygiene items (e.g. wheel-chair, hearing aid, stoma bag, disposable diapers)	Actual expenses. Subject to medical recommendation. (Where appropriate, the recommendation of an occupational therapist or a physiotherapist is also acceptable)
e) Care and attention allowance	Actual expenses up to $4,413 per month (or more in exceptional cases). Subject to medical certification and a social worker's recommendation
f) Grant to cover the charge for respite service	Actual fees less a portion of the standard rate
g) Grant for medical examination for admission to a subvented residential institution	Actual fees
h) Grant for annual medical examination in subvented elderly residential institutions	Up to $200 This grant is applicable to all elderly CSSA recipients in residential institutions
i) Grant for home help service	Actual fees (cost of meals excluded). The grant is not payable to recipients who are in receipt of a higher standard rate or miscellaneous expenses rate for being in need of constant attendance.
j) Grant for Occupational Therapy Service under the Home-based Training and Support	Actual expenses

Service	
k) Grant to cover fees of community-based support projects for people with disabilities and their families	Actual expenses (cost of meals excluded) This grant is normally not payable to recipients who are in receipt of a higher standard rate or miscellaneous expenses rate for being in need of constant attendance
l) grant for privately purchased medical items	Actual expenses. Payment of the grant is made directly to the Hospital Authority, which will claim reimbursement from SWD on a monthly basis

(iv) Child-care grants

Types of grant	Payment rate
a) Grant for baby-sitting	Actual expenses, up to $2,942 per month.
b) Grants to cover maintenance payment to a relative or friend for the provision of board and lodging for a child.	Up to 2,942 per month
c) Grant for occasional child care services provided by aided child care centre on half-day or full day basis	Actual fees (cost of meals excluded)
d) Grant for attending a child care centre	Group aged 0-2: Up to $4,735 per month Group aged 2-3: Up to $3,153 per month

(v) School grants

Types of grant	Payment rate
a) Grant to cover school fees	Actual school fees, except for kindergarten for which the maximum levels are: full-day kindergarten: $25,400 per year half-day kindergarten: $16,000 per year

b) Meal allowance for students	$210 per month for full-time students who have to take lunch away from home
c) Grant to cover fares to and from school	Actual expenses (normally by the cheapest means of transport)
d) Grant to cover Hong Kong Certificate of Education Examination and Hong Kong Advanced Level Examination fees	Actual fees
e) Grant for selected items of school-related expenses (i.e. books, stationery, school uniforms, miscellaneous and minor one-off expenses)	A flat-rate grant is payable to full-time students up to the upper secondary level for selected items of school-related expenses. The rates are as follows:

Level of education	Rate per student (per year) Full grant ($)
Child care centre (Group aged 0-2/ Group aged 2-3)	1,245
Kindergarten	2,845
Primary	2,505
Lower secondary (secondary 1-3)	3,810
Upper secondary 4-7 (including technical/ commercial institutes)	3,210

Notes: (1) The grant is normally paid before the commencement of the school year.

(2) If the family is eligible for CSSA after the commencement of the school year, the amount of grant payable will be adjusted accordingly.

(3) Additional payment can be considered if the actual expenses exceed the amount of the grant paid.